

**Communication Related to
MANAGEMENT EMPLOYEES AND NEGOTIATED PENSION INCENTIVES**

ISSUE

Should the pension incentive negotiated with represented employees be recommended for management employees?

Through bargaining, represented employees have negotiated a pension incentive (*2% escalator after 12 months of retirement if they retire in 2010 or 2011 AND a bonus year in 2010*) in exchange for no COLAS during 2010 and 2011, no step increases, modifications to health care benefits, agreement not to contest legally the imposition of up to 4 furlough days in 2010 and 2011, and a lower COLA package for 2007-2009 than was contained in both DC 48's and the City's final offer. Positions that become vacant as a result of retirements will be scrutinized and may not be filled. The City negotiated the right to reassign individuals in exchange for a no layoff provision to maintain flexibility in staffing critical functions.

DETERMINATION

The Administration examined the need to offer this benefit to employees in the management Pay Plan and determined that it would not recommend it to the Council for a number of reasons as summarized below.

- The retirement incentive was negotiated in return for significant concessions. Concessions needed in bargaining to justify and fund the incentive for represented employees are not needed for managers. Management positions that become vacant as a result of retirements may not be as easy to hold or eliminate given significant cuts over the years and service delivery impacts. The assumption is that these positions, for the most part, are critical for departments to continue to provide services. Management positions are also more "flexible" when it comes to assigning duties "out of classification" and provide the City the best mechanism to ensure continuity of operations.
- The reassignment of management employees to vacant positions (as negotiated in bargaining for represented employees) is not feasible given professional and technical qualifications of many of these positions. A finance manager is not able to be reassigned to a Building Code Enforcement Supervisor and vice versa.
- Managers already receive an excellent defined retirement benefit. Managers are assigned to pay grades with much more extensive progression than represented employees. Career service employees (30 years) receive approximately 85% of their final salary via City pension and Social Security; private savings allow many to exceed 100% of their FAS during retirement.
- A total of 17 management positions would have to be eliminated to make the incentive financially viable given the fiscal estimate calculated by the actuary. These cuts would seriously impact service delivery and create undue burden for managers left behind.

QUESTIONS? Please contact Maria Monteagudo, Employee Relations Director (x3335), or Andrea Knickerbocker, Human Resources Manager (x3387).